



STK FINANCIAL
Societate de Administrare a Investițiilor

Board of Directors Report **1st Quarter 2019**

STK Emergent



Interim report in accordance with: **Law no. 24/2017, ASF`s Norm no. 5/2018**

Date of the report: **05/14/2019**

Name of the issuer: **STK EMERGENT Investment Fund managed by STK FINANCIAL SAI**

Headquarters: **Cluj-Napoca, Heltai Gaspar street no. 29**

Telephone number: **0264 591 982**

Decision of the Financial Supervisory Authority (ASF): **no.20/16.03.2006**

Registration number in the ASF Registry: **CSC08FIIR/120004**

Subscribed and paid-in share capital: **RON 121,950,600**

The regulated market on which the issued securities are traded: **The Bucharest Stock Exchange**

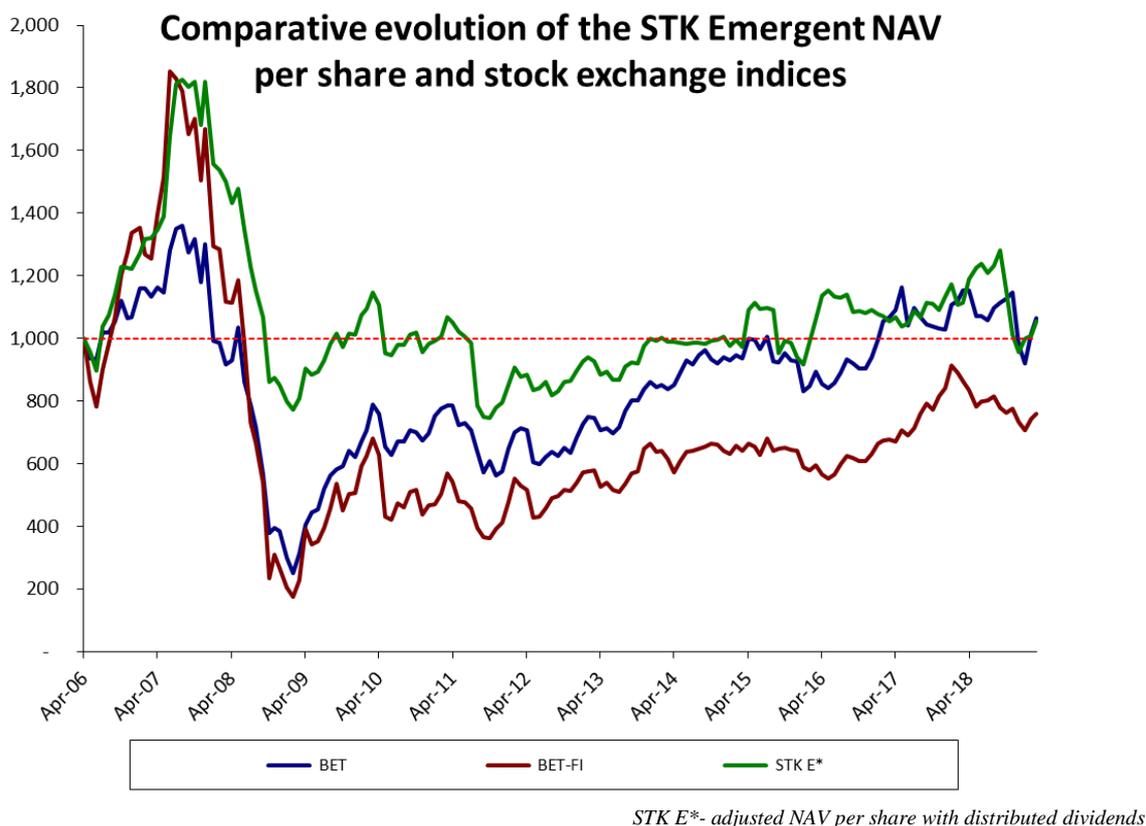
1. Events with significant impact on the Fund`s performance

Factors that influenced the company`s activity and results in the first quarter of the year:

- The WTI oil price closed the first quarter of the year at \$ 60.14/barrel, up by 32.5% as compared to the end of 2018, influenced by OPEC and non OPEC production cuts, US sanctions on Iran and Venezuela, rises/falls in US crude inventories and market expectations on their variations;
- During the first three months of 2019, the United Kingdom's withdrawal agreement from the European Union, which included a transition period of two years to minimize economic disruption, was rejected three times by the British Parliament; the Parliament subsequently voted down the possibility of leaving the EU without an agreement and the Brexit date was postponed, all of which led to an appreciation of the pound of 4.5% against the euro (6.7% against the RON);
- At the March meeting, the US Federal Reserve left the monetary policy interest rate unchanged between 2.25% and 2.50%, suggesting that there will be no more hikes in the year 2019; also the GDP growth rate was reduced to 2.1%, compared to the previous estimate of 2.3%.

2. Analysis of STK Emergent activity

At the end of March, the net asset value per share was RON 102.62, compared to the net asset value per share at the end of 2018 of RON 92.98, registering an increase of 10.37%. Since inception to 03/29/2019, the net asset value per share registered a positive variation of 5.75%, while during the same period the BET-FI index declined by 22.89% and the BET index increased by 7.82%.



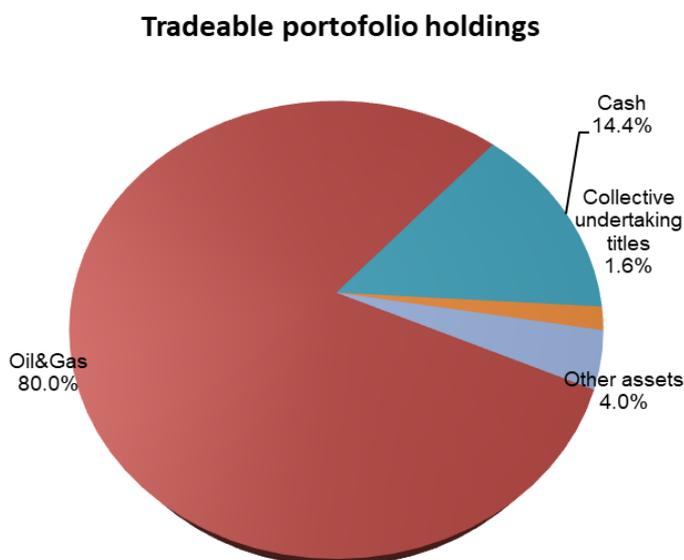
The net asset structure at 03/29/2019 compared to the end of 2018 is as follows:

	-RON-	
	03/29/2019	12/31/2018
Unlisted shares	27,667,252	27,667,252
Tradeable shares portfolio	35,251,511	29,369,236
<i>Shares</i>	29,609,360	23,149,275
<i>Cash</i>	5,063,004	5,615,038
<i>Other assets</i>	579,146	604,923
Total assets	62,918,763	57,036,488
Liabilities	343,809	342,210
Net assets	62,574,954	56,694,279
NAV per share	102.62	92.98

The tradeable shares portfolio at the end of the first quarter represents 56.3% of the total net assets. The Fund's net assets increased by 10.37%, from RON 56.69 million at the end of 2018 to RON 62.57 million at the end of March 2019, reflecting the prices of the shares included in the portfolio.



The structure of the tradeable portfolio holdings as of 03/29/2019 is presented in the chart below:



At the end of March 2019, about 80.0% of the trading portfolio is composed of shares belonging to the oil & gas companies, while cash represents 14.4% of the total portfolio.

3. Fund's Financial Position and Performance

The financial statements as of 03/31/2019 have been prepared in accordance with the Financial Supervisory Authority (ASF) Norm 39/2015 for the approval of the Accounting Regulations pursuant to the International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the ASF in the Sector of Financial and Investment Instruments. The financial statements of STK Emergent fund have not been consolidated. The financial statements as of 03/31/2019 have not been audited.

The Fund's Statement of Financial Position as of 03/31/2019 compared with 12/31/2018 is as follows:

	-RON-				
In accordance with IFRS:	03/31/2019	(%)	12/31/2018	(%)	Chg (%)
Other financial assets at fair value through other comprehensive income	28,694,005	45.6%	28,039,762	49.2%	2.3%
Securities at fair value through profit or loss (held for trading)	29,161,754	46.4%	23,381,688	41.0%	24.7%
Cash and cash equivalents	5,063,031	8.0%	5,615,038	9.8%	-9.8%
TOTAL ASSETS	62,918,790	100.0%	57,036,488	100.0%	10.3%



Equity	62,556,442	99.4%	56,685,829	99.4%	10.4%
Current liabilities	362,348	0.6%	350,659	0.6%	3.3%
TOTAL EQUITY AND LIABILITIES	62,918,790	100.0%	57,036,488	100.0%	10.3%

The category *Other financial assets at fair value through other comprehensive income* includes mainly securities held in STK Properties SA and Emergent Real Estate SA, and represents 45.6% of the total assets as at March 31, 2019.

Securities at fair value through profit or loss (held for trading) are shares of oil companies, in the first three months of the year the Fund maintained its exposure to this sector. As compared to the end of 2018, the securities rose by 24.7%, to RON 29.16 million, compared to RON 23.38 million, a growth given by the increase of the prices of the shares held in the portfolio.

The total assets of the Fund amounted to RON 62.92 million on 31 March 2019, up 10.3% as compared to the end of 2018. Equity increased by 10.4% in the first three months of the year following the incorporation of the net result of RON 5.22 million.

The financial performance of the Fund as of 03/31/2019 compared to the same period of the last year is as follows:

-RON-

In accordance with IFRS:	03/31/2019 <i>3 months</i>	03/31/2018 <i>3 months</i>	Chg (%)
Net gain on financial instruments traded or held for trading at fair value through profit or loss	3,940,563	-	<i>n.a.</i>
Dividend income	11,044	-	<i>n.a.</i>
Interest income	3,141	2,263	38.8%
Net gain from foreign exchange differences	1,724,012	328,762	424.4%
Total Net Revenue	5,678,760	331,025	425.1%
Net loss from financial assets at fair value through profit or loss	-	1,744,282	<i>n.a.</i>
Administration fees, bank charges, fees	462,389	580,485	-20.3%
Total Net Expenses	462,389	2,324,767	-80.1%
Net Profit/(Loss) for the year	5,216,370	-1,993,742	<i>n.a.</i>

Net gain on financial instruments traded or held for trading at fair value through profit or loss in the first three months of 2019 was RON 3.94 million, compared to a net loss of RON 1.74 million on financial instruments realized during the same period of the last year.



Dividend and interest income were higher than those recorded in the similar period of 2018, while net gain from foreign exchange differences amounted to RON 1.72 million, on the appreciation of the pound sterling in the first three months of 2019.

Administration fees, bank charges and other fees were lower by 20% in the first quarter, amounting to RON 0.46 million, compared to RON 0.58 million in Q1 2018. While in the first three months of 2018, the Fund recorded a net loss of RON 1.99 million, in Q1 2019 the operational activity of the Fund resulted in a net profit of RON 5.22 million.

Attached to this report are:

Statement of Financial Position as of 03/31/2019

Statement of Profit of Loss and Other Comprehensive Income as of 03/31/2019

Notes to the Accounts

**Chairman of the Board,
PASCU Nicolae**

**Chartered Accountant,
OPREAN Victor-Bogdan**